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Former Insurance Agent Guilty of Mail Fraud and ID Theft

A former Glynn County insurance agent has admitted in federal court to stealing about \$93,000 in commissions through an elaborate identity theft and auto insurance fraud scheme spanning 14 months.

Scott F. Ferrell, 44, of St. Simons Island pleaded guilty Thursday to 20 counts of mail fraud in the case, but he offered Senior U.S. District Judge Anthony Alaimo no explanation for his actions.

Ferrell testified he was guilty of defrauding Metropolitan Property and Casualty Insurance Co. of Warwick, R.I., of the commissions from Oct. 23, 2005 through Jan. 4, 2007.

Ferrell stole the names and Social Security numbers of residents in Savannah, Brunswick, St. Simons Island and Waycross who had "excellent credit ratings," testified retired postal inspector Joseph Long, who led the federal investigation.

Ferrell then used the information on insurance applications he submitted to Metropolitan, Long said. The company approved the applications immediately without consulting the policyholders because of their high credit rating, he said.

Ferrell faces up to 20 years in prison and a fine up to \$250,000 on each count. Alaimo allowed Ferrell to remain free on \$10,000 unsecured bail pending sentencing. The fraud scheme was investigated by U.S. Postal Service inspectors with the help of agents with the U.S. Secret Service and the Social Security Administration.

A separate state investigation led Georgia Insurance Commissioner John Oxendine to revoke Ferrell's insurance license Sept. 3.

Ferrell worked the fraud by manipulating Metropolitan's practice of paying commissions to agents in advance for auto insurance policies that would go into effect at a later date, Long testified.

"Approximately 202 people's names were used for 216 (fraudulent) policy applications written by Mr. Ferrell. ... Those customers didn't want the policy, and they didn't know anything about it until the investigation," Long testified.

There was no evidence presented Thursday that any money was lost by the people whose personal information was used in the scheme.

Long said Ferrell repeatedly used the identification numbers from 62 vehicles including Jaguars, Hummers, Cadillacs and Lexuses on the applications. None of the vehicles belong to the people named on the application, he testified.

Long used nonexistent addresses to conceal the fraud, Long said.

"After Ferrell got the authorization to write the policy, he went into the computer system and changed the customers' good addresses to nonexistent addresses he created," Long testified.

The company mailed the insurance policies and premium bills to the nonexistent addresses Ferrell had entered on customers' file.

When the postal service returned the mail as undeliverable, the company forwarded the policies and bills to Ferrell to deliver in person, Long testified.

When the premiums went unpaid, Metropolitan canceled the policy then charged Ferrell for the advance commission he'd received for it, he testified.

"Metropolitan paid him about \$93,000 in commissions and they've recovered a little over half of it from him," Long testified.

No sentencing date has been set.